

W. T. GRANT COMPANY
ANNUAL REPORT
1941

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W. T. GRANT COMPANY
ANNUAL REPORT
1941 Fiscal Year

To be submitted to the
Annual Meeting of Stockholders
April 21, 1942
1441 Broadway, New York, N. Y.

BOARD OF DIRECTORS

William T. Grant, *Chairman*

John G. Byler

Karl D. Gardner

Joseph W. Chinn

John M. Hancock

Howland S. Davis

James L. O'Neill

Raymond H. Fogler

Robert R. Updegraff

Clayton E. Freeman

William B. Warner

OFFICERS

William T. Grant, *Chairman of the Board*

Raymond H. Fogler, *President and General Manager*

Louis C. Lustenberger, *Vice-President*

John G. Byler, *Vice-President and Treasurer*

George I. Mason, *Secretary*

Robert A. Seidel, *Comptroller*

M. F. Ketz, *Assistant Comptroller*

Executive Office

1441 Broadway, New York, N. Y.

Transfer Agent

Guaranty Trust Company
of New York

Registrar

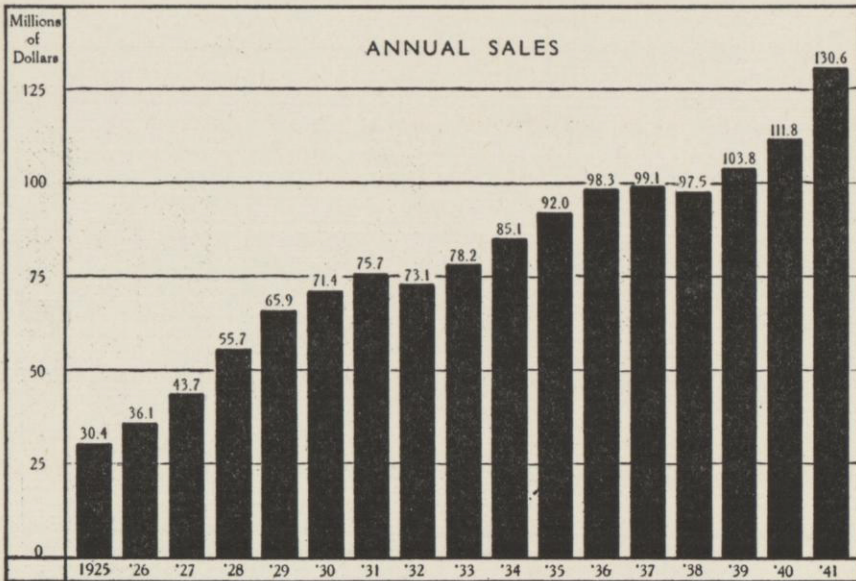
Bankers Trust Company
New York, N. Y.

New York, N. Y., March 25, 1942

To the Stockholders of the W. T. Grant Company:

The operations of your company during the fiscal year ended January 31, 1942 show the following:

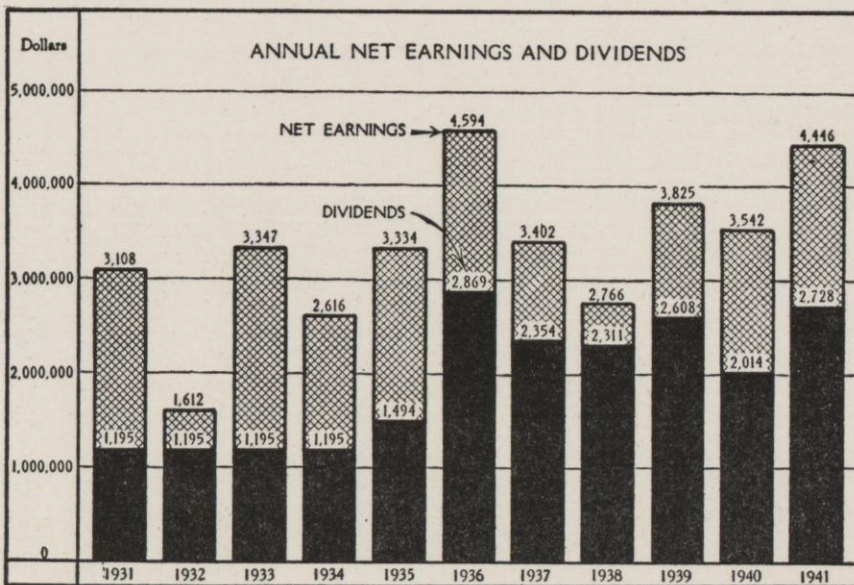
Sales of \$130,555,907 were again the largest in the company's history. This is an increase of \$18,780,942, or 16.8% over the \$111,774,965 of the previous year.



Profit for the year was \$4,446,393. This is an increase of \$904,182 from the \$3,542,211 of the previous year. After provision for the full dividend on the preferred stock, earnings per common share were \$3.44 compared to \$2.68. Earnings are after deducting \$3,906,000 for Federal Income and Excess Profits Taxes and \$865,000 for Reserve for Taxes or Other Contingencies, a total \$4,771,000 which compares with \$1,526,000 in 1940.

Profits before provisions for taxes were \$9,217,393 compared with \$5,068,211 in 1940.

The full dividend of \$1.00 per share was paid on the preferred stock. On the common stock, four quarterly dividends of 35 cents were paid and a final dividend of 60 cents a share was paid February 19, 1942, making a total of \$2 per share paid on the common stock from the earnings of the year. This compares with \$1.40 paid per share in 1940.



On January 31, 1942 current assets of the company were \$35,714,803, including \$8,873,834 in cash and current liabilities were \$12,937,478. Working capital at the end of the year was \$22,777,325, an increase of \$2,906,604 during the year.

Surplus increased \$1,718,855 and was \$20,427,516 on January 31, 1942.

Merchandise inventories on January 31, 1942 including goods in transit amounted to \$25,482,342, an increase of \$7,699,944 over the corresponding date in the previous year. A substantial portion of this increase is occasioned by increased prices of merchandise, the balance to increased quantities to provide for planned Spring Sales.

Store inventories are valued at the lower of cost or market established by the retail accounting method and warehouse inventories are valued at cost. These methods of evaluating inventories have been used consistently for many years.

During the year new stores were opened in Beckley, W. Va., Plainfield, N. J., and Amherst (Buffalo), N. Y. A store was opened in a new location at Norwich, N. Y., to replace the store closed in the previous year and the store at Meriden, Conn., was moved to a new location. One small store was closed. At the year end a total of 495 stores were in operation.

The W. T. Grant Realty Corporation, a wholly owned subsidiary, purchased the properties in Haverhill, Mass., and Macon, Ga., on which Grant stores are now located and purchased properties in Waterbury, Conn., and Worcester, Mass., on which it is expected that stores in those cities will be relocated. Properties were sold in Oakland, Cal., and Denver, Colo., the Grant Company continuing occupancy under leases.

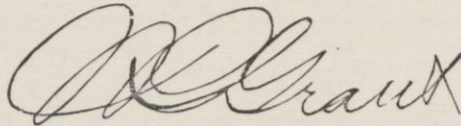
The executive Profit Sharing Plan as approved by Stockholders at their Annual Meeting held on April 18, 1939, was terminated by the Board of Directors as of February 1, 1942. This action was taken because of conditions very different from those existing at the time the plan was designed and became effective. It is intended that compensation in addition to fixed salaries will continue to be paid to executives based upon performances of individuals and the company during each year.

At the end of the year 151 executives and men in training for store management had been called for active duty with the armed services. K. D. Gardner, formerly the Chairman of the Executive Committee, has accepted a commission as Lieutenant Colonel and is in charge of purchasing for the Army Exchange Service.

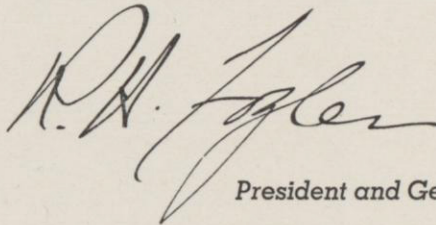
The company is active in the sale of United States Defense Bonds and Stamps. Each of the company's stores is selling stamps to customers. In the New York Office approximately 98% of our employees are purchasing bonds through a salary allotment plan, to the extent of 7½% of their combined salaries. Approximately 80% of all store employees are now participating in the salary allotment plan and in a majority of our stores, the entire group of employees is participating.

For a number of years the management of the company has studied the problem of the retirement of employees who reach retirement age after many years of service with the company. The directors have approved a plan subject to ratification of the stockholders at the annual meeting on April 21, 1942. The summary of the plan is included in your proxy statement for that meeting.

Your management welcomes any inquiry or suggestions from the stockholders relating to the company's affairs.

A handwritten signature in cursive script, appearing to read "W. H. Grant".

Chairman of the Board of Directors

A handwritten signature in cursive script, appearing to read "R. H. Fyler".

President and General Manager

W. T. GRAN
AND SUBSIDIARIES
CONSOLIDATED
January

ASSETS

CURRENT ASSETS

Cash	\$ 8,873,833.60	
United States Treasury tax notes, Series B—at cost	1,000,000.00	
United States Savings Bonds, Series F—at cost	49,950.00	
Accounts receivable	308,677.20	
Merchandise inventories, including merchandise in transit—\$1,802,849.98 (at not in excess of cost or market, whichever is lower)	25,482,342.00	\$35,714,802.80

OTHER ASSETS

Cash surrender value of life insurance	\$ 1,494,280.88	
Advances to and security deposited with landlords—to be repaid over a term of years	428,542.67	
Real estate mortgages receivable	179,000.00	
Amounts expended on building construction—to be repaid by owners	497,135.02	
Employees notes and accounts receivable (partly secured)	24,448.00	
Sundry accounts, claims and investments; funds in closed banks and restricted balances (less reserve of \$53,076.49)	10,758.58	2,634,165.15

STORE PROPERTIES, FIXTURES AND IMPROVEMENTS

(At Cost)

Land	\$ 5,807,356.29	
Buildings	\$3,167,119.64	
Less reserve for depreciation	1,023,806.60	2,143,313.04
Furniture and fixtures	\$7,219,501.83	
Less reserve for depreciation	3,358,679.15	3,860,822.68
Alterations and improvements to leased properties (this amount is being amortized over a period not in excess of the term of the leases involved)	6,336,766.78	18,148,258.79

DEFERRED CHARGES

Prepaid taxes, rents and insurance, supplies, etc.	1,823,480.08	
	<u>58,320,706.82</u>	

NOTE:—The subsidiary, W. T. Grant Realty Corporation, is contingent by it covering three store properties subsequently sold subsidiary Company. There are no other contingent liabilities except the

T COMPANY

ARY COMPANY

BALANCE SHEET

31, 1942

LIABILITIES

CURRENT LIABILITIES

Accounts payable, including liability for merchandise in transit	\$ 7,225,402.16	
Dividend payable—February 19, 1942	713,612.40	
Real estate mortgages and mortgage bonds payable within one year	138,166.62	
Accrued accounts	913,881.02	
Federal taxes on income—estimated	3,946,415.79	\$12,937,477.99

DEFERRED LIABILITIES

Real estate mortgages and mortgage bonds payable 1943 to 1962	\$ 4,889,898.51	
Tenants deposits under leases	22,140.05	4,912,038.56

RESERVES

For taxes or other contingencies	\$ 865,000.00	
For repainting stores	265,629.75	
For flood losses	42,750.00	1,173,379.75

CAPITAL STOCK AND SURPLUS

Capital stock:

5% Cumulative Preferred — par value \$20.00 per share, redeemable at \$22.00 per share:	
Authorized 400,000 shares;	
issued or to be issued —	
350,138½ shares (including	
1,300¾ shares in treasury)	\$6,976,755.00

Common - par value \$10.00 per share:	
Authorized 1,500,000 shares;	
issued or to be issued —	
1,190,554 shares (including	
1,200 shares in treasury)	11,893,540.00
	\$18,870,295.00

Surplus (of which \$15,295,784.13 was earned prior to formation of the parent company on November 27, 1937, and \$5,131,731.39 was earned subsequently)	20,427,515.52	39,297,810.52
		<u>\$58,320,706.82</u>

ly liable on mortgages, aggregating \$259,400.00 at date of sale, created
ject thereto and now under lease to and occupied by W. T. Grant
ose incident to the normal course of the companies' business.

W. T. GRANT COMPANY

AND SUBSIDIARY COMPANY

CONSOLIDATED PROFIT AND LOSS STATEMENT

Fiscal Year Ended January 31, 1942

SALES		\$130,555,907.24
COST OF MERCHANDISE SOLD AND OPERATING EXPENSES		<u>119,952,762.21</u>
		\$ 10,603,145.03
OTHER INCOME, less sundry deductions of \$107,960.08		<u>89,311.26</u>
		\$ 10,692,456.29
DEDUCT:		
Provision for depreciation and amortization of lease- hold improvements	\$1,405,277.77	
Interest paid, less interest earned of \$45,761.71	<u>69,786.00</u>	1,475,063.77
PROFIT BEFORE FOLLOWING PROVISIONS		\$ 9,217,392.52
Provision for federal income tax and surtax	\$2,506,000.00	
Provision for federal excess profits tax	1,400,000.00	
Provision for taxes or other contingencies	<u>865,000.00</u>	4,771,000.00
NET PROFIT FOR YEAR		<u>\$ 4,446,392.52</u>

CONSOLIDATED SURPLUS

Fiscal Year Ended January 31, 1942

BALANCE at February 1, 1941		\$ 18,708,661.00
ADD:		
Net profit for year		<u>4,446,392.52</u>
		\$ 23,155,053.52
DEDUCT:		
Cash Dividends:		
On 5% Cumulative Preferred Stock — \$20.00 par value:		
Four quarterly dividends of 25c each, aggregat- ing \$1.00 per share	\$ 348,830.00	
On Common Stock — \$10.00 par value:		
Four quarterly dividends of 35c each paid during fiscal year, and final dividend of 60c per share payable February 19, 1942, total dividends on Common Stock — \$2.00 per share	<u>2,378,708.00</u>	
TOTAL DIVIDENDS		<u>2,727,538.00</u>
BALANCE at January 31, 1942		<u>\$ 20,427,515.52</u>

AUDITORS' REPORT

To the Board of Directors,
W. T. Grant Company,
New York, N. Y.

We have examined the consolidated balance sheet of W. T. Grant Company and its subsidiary as of January 31, 1942, and the consolidated statements of profit and loss and surplus of this Company and its subsidiary for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and surplus present fairly the position of W. T. Grant Company and its subsidiary at January 31, 1942, and the results of the operations of the Company and its subsidiary for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

New York, N. Y.
March 18, 1942.

W. T. GRANT COMPANY

COMPARATIVE CONSOLIDATED INCOME ACCOUNTS

FISCAL YEAR

(Which ends January 31 of subsequent calendar year)

	1941	1940	1939	1938	1937
SALES	\$130,555,907	\$111,774,965	\$103,761,685	\$97,516,419	\$99,059,920
LESS: Cost of merchandise sold and operating expenses	119,952,762	105,198,850	97,410,413	92,554,683	93,567,638
OTHER DEDUCTIONS (net)	10,603,145 (89,311)	6,576,115 135,600	6,351,272 174,930	4,961,736 106,249	5,492,282 (78,955)
DEDUCT:	10,692,456	6,440,515	6,176,342	4,855,487	5,571,237
Interest paid less interest earned	69,786	37,139	55,225	62,694	63,532
Allowance for depreciation and amortization	1,405,277	1,335,165	1,336,121	1,318,369	1,254,980
Provision for federal income tax	2,506,000	1,407,000	960,000	708,000	700,000
Provision for federal excess profits tax	1,400,000	119,000	—	—	—
Provision for surtax on undistributed net income	—	—	—	—	151,000
Provision for taxes or other contingencies	865,000	—	—	—	—
NET INCOME	\$ 4,446,393	\$ 3,542,211	\$ 3,824,996	\$ 2,766,424	\$ 3,401,725

COMPARATIVE CONSOLIDATED SURPLUS ACCOUNTS

FISCAL YEAR

(Which ends January 31 of subsequent calendar year)

	1941	1940	1939	1938	1937
SURPLUS—BEGINNING OF YEAR	\$18,708,661	\$17,146,128	\$15,929,588	\$15,488,090	\$22,071,325
ADD:					
Net income for year as above	4,446,393	3,542,211	3,824,996	2,766,424	3,401,725
Unused provision for 1937 reorganization expenses	—	34,247	—	—	—
	23,155,054	20,722,586	19,754,584	18,254,514	25,473,050
DEDUCT:					
Preferred dividends	348,830	348,830	348,683	348,630	87,278
Common dividends	2,378,708	1,665,095	2,259,773	1,962,434	2,266,494
Transfer to capital account	—	—	—	—	7,607,733
Sundry deductions (net)	—	—	—	13,862	23,455
SURPLUS—END OF YEAR	\$20,427,516	\$18,708,661	\$17,146,128	\$15,929,588	\$15,488,090

COMPARATIVE CONSOLIDATED BALANCE SHEETS

AT END OF FISCAL YEAR

(January 31 of subsequent calendar year)

	1941	1940	1939	1938	1937
ASSETS:					
Cash	\$ 8,873,834	\$ 8,716,863	\$ 9,039,744	\$ 9,992,925	\$10,998,361
United States tax notes and savings bonds	1,049,950	—	—	—	—
Marketable securities	—	—	—	35,415	35,415
Accounts receivable	308,677	235,146	256,315	399,928	170,244
Merchandise inventories	25,482,342	17,782,398	13,287,606	11,680,798	10,990,658
TOTAL CURRENT ASSETS	35,714,803	26,734,407	22,583,665	22,109,066	22,194,678
Cash surrender value of life insurance	1,494,281	1,390,770	1,288,286	1,198,437	1,058,092
Advances and security with landlords	428,543	464,869	546,756	535,020	510,612
Miscellaneous investments, employees accounts receivable, etc. (net)	711,341	479,356	510,505	360,396	137,516
Land and buildings, depreciated	7,950,669	7,136,998	7,451,241	7,478,614	6,728,426
Furniture and fixtures, depreciated	3,860,823	3,406,298	3,129,346	3,054,721	2,968,408
Alterations and improvements (net)	6,336,767	6,134,145	5,586,361	5,393,354	5,179,068
Deferred charges	1,823,480	1,356,980	1,164,136	1,052,119	922,856
TOTAL ASSETS	\$58,320,707	\$47,103,823	\$42,260,296	\$41,181,727	\$39,699,656
LIABILITIES AND CAPITAL:					
Accounts payable	\$ 7,225,402	\$ 4,216,350	\$ 1,756,771	\$ 1,674,817	\$ 1,495,874
Notes payable	—	—	—	—	12,500
Dividends payable	713,612	—	—	297,338	—
Accrued accounts	913,881	958,373	957,822	769,227	714,218
Real estate bonds and mortgages payable—current	138,167	171,900	127,300	316,150	475,500
Federal taxes on income—estimated	3,946,416	1,517,063	965,891	738,708	916,303
TOTAL CURRENT LIABILITIES	12,937,478	6,863,686	3,807,784	3,796,240	3,614,395
Tenants deposits under leases	22,140	16,840	3,540	3,440	4,615
Real estate bonds and mortgages payable—deferred	4,889,898	2,367,275	2,201,075	2,366,600	1,540,150
Reserve for taxes or other contingencies	865,000	—	—	—	—
Reserve for repainting stores	265,630	252,196	224,464	215,154	181,171
Reserve for flood losses	42,750	24,750	6,750	—	—
Capital stock:					
Preferred—5% cumulative \$20 par value	6,976,755	6,976,875	6,977,015	6,977,165	6,977,695
Common—\$10 par value	11,893,540	11,893,540	11,893,540	11,893,540	11,893,540
Surplus	20,427,516	18,708,661	17,146,128	15,929,588	15,488,090
TOTAL LIABILITIES AND CAPITAL	\$58,320,707	\$47,103,823	\$42,260,296	\$41,181,727	\$39,699,656

GRANT STORES

ALABAMA (6)

Anniston
Birmingham
Decatur
Gadsden
Huntsville
Mobile

ARKANSAS (1)

Pine Bluff

CALIFORNIA (10)

Berkeley
Fresno
Huntington Park
Los Angeles (2)
Oakland
Sacramento
San Jose
Santa Barbara
Santa Monica

COLORADO (1)

Denver

CONNECTICUT (26)

Bridgeport (2)
Danbury
Danielson
Derby
Greenwich
Hartford
Manchester
Meriden
Middletown
Milford
New Britain
New Haven
New London
New Milford
Putnam
Rockville
Southington
Stamford
Thomaston
Thompsonville
Torrington
Wallingford
Waterbury
Willimantic
Winsted

DELAWARE (3)

Dover
Milford
Wilmington

FLORIDA (6)

Jacksonville
Lakeland
Miami
Orlando
Tampa (2)

GEORGIA (7)

Albany
Atlanta
Augusta
Brunswick
Macon
Savannah
Valdosta

ILLINOIS (16)

Alton
Aurora
Belleville
Chicago (3)
Decatur
East St. Louis
Elgin
Galesburg
Jacksonville
Joliet
Peoria
Quincy
Rockford
Springfield

INDIANA (9)

Evansville
Fort Wayne
Gary
Hammond
Indianapolis
Michigan City
New Albany
Newcastle
South Bend

IOWA (4)

Clinton
Davenport
Ottumwa
Waterloo

KANSAS (4)

Hutchinson
Pittsburg
Topeka
Wichita

KENTUCKY (2)

Louisville
Paducah

LOUISIANA (5)

Alexandria
Baton Rouge
Monroe
New Orleans
Shreveport

MAINE (12)

Bangor
Bath
Brunswick
Calais
Fort Kent
Gardiner
Lewiston
Old Town
Portland
Sanford
Skowhegan
Van Buren

MARYLAND (4)

Baltimore
Cambridge
Crisfield
Hagerstown

MASSACHUSETTS (72)

Adams
Arlington
Athol
Beverly
Boston (12)
Brockton
Cambridge
Chelsea
Chicopee
Clinton
Danvers
Easthampton
Everett
Fall River
Fitchburg
Framingham
Franklin
Gardner
Gloucester
Great Barrington
Haverhill
Holyoke
Hudson
Hyannis
Lawrence
Leominster
Lynn (2)
Malden
Marlboro
Medford
Melrose
Middleboro
Milford
Natick
Needham
New Bedford (2)
Norfolk Downs
North Adams
North Attleboro
Norwood
Palmer
Peabody
Pittsfield
Plymouth
Reading
Rockland
Salem

Somerville
Stoneham
Taunton
Wakefield
Waltham
Ware
Watertown
Webster
Westfield
Weymouth
Woburn
Worcester

MICHIGAN (9)

Detroit (2)
Grand Rapids
Hamtramck
Kalamazoo
Lansing
Muskegon
Saginaw
St. Joseph

MINNESOTA (4)

Minneapolis
Rochester
St. Paul
Winona

MISSISSIPPI (1)

Jackson

MISSOURI (4)

Kansas City
St. Joseph
St. Louis
Springfield

NEBRASKA (2)

Lincoln
Omaha

NEW HAMPSHIRE (9)

Berlin
Concord
Derry
Dover
Franklin
Manchester
Nashua
Portsmouth
Rochester

NEW JERSEY (28)

Bayonne
Bloomfield
Bridgeton
Burlington
Camden
Collingswood
Dover

Hackensack
Hoboken
Jersey City (3)
Millville
Mount Holly
Newark (3)
New Brunswick
Passaic
Paterson
Plainfield
Rahway
Riverside
Somerville
Trenton
Union City
Vineland
West New York

NEW YORK (87)

Albany
Amsterdam
Batavia
Bath
Bay Shore, L. I.
Beacon
Binghamton
Buffalo (8)
Canandaigua
Carthage
Catskill
Corning
Cortland
Dansville
Elmira
Freeport, L. I.
Geneva
Glen Cove, L. I.
Glens Falls
Gouverneur
Great Neck, L. I.
Hempstead, L. I.
Herkimer
Hudson Falls
Huntington, L. I.
Ilion
Jamestown
Johnstown
Kenmore
Kingston
Lackawanna
Lockport
Lynbrook, L. I.
Mechanicville
Medina
Middletown
New York
Bronx (4)
Brooklyn (2)
Manhattan (5)
Queens (4)
New Rochelle
Niagara Falls
Norwich
Olean
Oneida
Oneonta
Oyster Bay, L. I.
Patchogue, L. I.
Penn Yan
Port Chester
Port Jervis
Poughkeepsie

Riverhead, L. I.
Rochester
Rockville Center, L. I.
Rome
Schenectady
Seneca Falls
Syracuse (2)
Tonawanda
Troy
Utica
Watertown
Warsaw
Westfield
Wellsville
White Plains
Yonkers

NORTH CAROLINA (10)

Charlotte
Concord
Elizabeth City
Goldsboro
Greensboro
Greenville
Hickory
Kannapolis
Kinston
Raleigh

NORTH DAKOTA (1)

Fargo

OHIO (26)

Akron
Barberton
Bellaire
Bellevue
Cambridge
Canton
Circleville
Cleveland
Columbus
Conneaut
Dayton
Delphos
East Liverpool
Elyria
Kent
Lima
Mansfield
Marion
Middletown
New Philadelphia
Newark
Norwalk
Portsmouth
Steubenville
Toledo
Youngstown

OKLAHOMA (2)

Muskogee
Oklahoma City

PENNSYLVANIA (64)

Altoona
Bangor
Beaver Falls

Berwick
Blairsville
Bloomsburg
Butler
Carlisle
Chambersburg
Columbia
Conshohocken
Danville
Elizabethtown
Ellwood City
Erie
Freeland
Greenville
Hazleton
Homestead
Honesdale
Huntingdon
Jeannette
Johnstown
Lancaster
Lock Haven
McKeesport
Mahanoy City
Middletown
Milton
Mount Pleasant
Mount Union
New Kensington
Narristown
Oil City
Palmerton
Philadelphia (4)
Phillipsburg
Phoenixville
Pittston
Pittsburgh (2)
Pottstown
Pottsville
Reading
Sayre
Scranton
Shamokin
Shippensburg
Sunbury
Tarentum
Titusville
Towanda
Uniontown
Upper Darby
Washington
Waynesboro
West Chester
Wilkinsburg
Williamsport
Windber
York

RHODE ISLAND (5)

Newport
Pawtucket
Providence
West Warwick
Woonsocket

SOUTH CAROLINA (3)

Charleston
Columbia
Greenville

TENNESSEE (5)

Bristol
Chattanooga
Kingsport
Memphis
Nashville

TEXAS (13)

Abilene
Beaumont
Brownsville
Corpus Christi
Dallas
El Paso
Fort Worth
Galveston
Houston
Port Arthur
San Antonio
Waco
Wichita Falls

UTAH (2)

Ogden
Salt Lake City

VERMONT (5)

Bennington
Burlington
Newport
St. Johnsbury
Springfield

VIRGINIA (13)

Charlottesville
Clifton Forge
Danville
Fredericksburg
Norfolk
Harrisonburg
Hopewell
Lynchburg
Newport News
Petersburg
Portsmouth
Richmond
Roanoke

WEST VIRGINIA (6)

Beckley
Clarksburg
Elkins
Huntington
Parkersburg
Weston

WISCONSIN (8)

Fond du Lac
Green Bay
Jamesville
Madison
Milwaukee (2)
Oshkosh
Sheboygan

495 STORES IN 39 STATES

